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**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION**

**In re:**

**PG&E CORPORATION,**

**-and-**

**PACIFIC GAS AND ELECTRIC  
COMPANY,**

**Debtors.**

- ☐ Affects PG&E Corporation  
☐ Affects Pacific Gas and Electric  
Company  
☒ Affects both Debtors

*\* All papers shall be filed in the lead case,  
No. 19-30088 (DM)*

Chapter 11

Bankr. Case No. 19-30088 (DM)  
(Jointly Administered)

**RESERVATION OF RIGHTS OF THE AD  
HOC GROUP OF SUBROGATION CLAIM  
HOLDERS REGARDING THE FIRE VICTIM  
TRUST AGREEMENT AND RELATED  
DOCUMENTS**

Date: May 27, 2020  
Time: 10:00 a.m. (PT)  
Place: United States Bankruptcy Court  
Courtroom 17, 16<sup>th</sup> Floor  
San Francisco, CA 94102

1 The Ad Hoc Group of Subrogation Claim Holders (the “**Ad Hoc Subrogation Group**”) in the  
2 above-captioned chapter 11 cases of PG&E Corporation and Pacific Gas and Electric Company  
3 (collectively, the “**Debtors**”), by its attorneys Willkie Farr & Gallagher LLP and Diemer & Wei,  
4 LLP, hereby submits this reservation of rights (the “**Reservation of Rights**”) to the Fire Victim Trust  
5 Agreement (collectively with all exhibits, the “**Trust Agreement**”).<sup>1</sup> In support of this Reservation  
6 of Rights, the Ad Hoc Subrogation Group respectfully represents as follows:

### 7 **BACKGROUND**

8 On December 12, 2019, the Debtors filed the *Debtors’ and Shareholder Proponents’ Joint*  
9 *Chapter 11 Plan of Reorganization Dated December 12, 2019* (the “**December 12 Plan**”) [Docket  
10 No. 5101]. The December 12 Plan included as Exhibit B the Mutual Made Whole Release, as  
11 negotiated between the Ad Hoc Subrogation Group, the Official Committee of Tort Claimants (the  
12 “**TCC**”), and the Consenting Fire Claimant Professionals. The Mutual Made Whole Release, which  
13 was the subject of extensive negotiation, provides for the waiver of insureds’ rights to assert claims  
14 against their insurers under the made whole doctrine and of insurers’ rights to make claims for any  
15 amount paid to insureds pursuant to the Fire Victim Trust. The Mutual Made Whole Release  
16 preserves other claims between insureds and insurers, including those claims related to “the policy  
17 of insurance and what is still owed or to be paid under the policy terms and conditions.” Mutual Made  
18 Whole Release, ¶¶ 2 and 4.

19 On May 1, 2020, the Debtors filed the Plan Supplement [Docket No. 7037], which attached as  
20 Exhibit D the Trust Agreement. The Trust Agreement contains various provisions that relate to the  
21 ability of victims who have insurance to recover from the Trust. One such provision is Section 2.6(c),  
22 which purports to provide the Trustee authority to receive an assignment of Fire Victim Claimants’  
23 rights against their insurers. In particular, section 2.6(c) states, “[i]f a Fire Victim is unsuccessful in  
24 obtaining payment of the available policy limits from an insurer. . . the Trustee may, in his or her  
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26 <sup>1</sup> Capitalized terms used but not defined shall have the meanings ascribed in the *Notice of Filing of Plan*  
27 *Supplement in Connection with Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization*  
28 *Dated March 16, 2020* (the “**Plan Supplement**”) at Exhibit D – Fire Victim Trust Agreement (with all Exhibits,  
including the Fire Victim Claims Resolution Procedures) [Docket No. 7037].

1 sole and absolute discretion, accept an assignment of his or her rights against the insurance company.  
2 ...”

### 3 **RESERVATION OF RIGHTS**

4 The Ad Hoc Subrogation Group takes no position at this time regarding whether the Court  
5 should approve the Trust Agreement. However, in an abundance of caution, the members of the Ad  
6 Hoc Subrogation Group wish to make clear that the rights of any insurance company to object to the  
7 validity of the assignment of any insured’s rights to the Trustee, the Fire Victim Trust, or to any other  
8 person or entity, and to assert any and all defenses or objections in connection with any such  
9 assignment is explicitly reserved. In addition, as acknowledged in section 1.4(f) of the Trust  
10 Agreement and pursuant to section 4.25(f)(ii) of the Plan, each insured is required to execute the  
11 Mutual Made Whole Release as a condition to settling with the Trust. The Ad Hoc Subrogation  
12 Group would like to clarify that each insurer’s claims, causes of action, defenses, or remedies as  
13 preserved in the Mutual Made Whole Release as to any insured are equally preserved as to the  
14 Trustee, the Fire Victim Trust, or to any other person or entity accepting assignment of any insured’s  
15 rights against their insurers, as provided for in paragraph G of the Mutual Made Whole Release.  
16 Mutual Made Whole Release, ¶ G (“For the purpose of this Release, Claimant includes the Claimant’s  
17 heirs, legal representatives, successor or assigns. . .”). Nothing in the Court’s order confirming the  
18 Debtors’ Plan should be construed as addressing the merits of any purported assignment of rights to  
19 insurance policy proceeds, and each insurer’s rights and defenses with respect to (A) any such  
20 assignment or (B) any entitlement to insurance proceeds are hereby expressly reserved.

1 Dated: May 15, 2020

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3 **WILLKIE FARR & GALLAGHER LLP**

4  
5 /s/ Matthew A. Feldman

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7 Joseph G. Minias (*pro hac vice*)

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